

## **Top Ten Reasons NOT to Support the Mental Health Parity Act**

(H.R. 1424—Patrick Kennedy)

- 1. Increases Health Insurance Costs.** CBO estimates that H.R. 1424 would impose mandates on private insurance companies totaling \$3 billion annually by 2012. These costs will ultimately be borne by employers offering health insurance and employees seeking to obtain coverage.
- 2. Increases Costs for Business Due to Private-Sector Mandates.** The bill contains multiple new federal mandates on the private sector, affecting the design and structure of health insurance plans. The bill also increases the threshold level at which employers suffering increased claim costs as a result of implementing the new federal mandates can claim an exemption from the provisions of H.R. 1424.
- 3. Decreases Mental Health Coverage.** While the bill imposes several new federal mandates on those employers who choose to offer mental health coverage, there is nothing in H.R. 1424 that would require plans to cover these conditions. Thus H.R. 1424 could have the perverse effect of actually *decreasing mental health coverage*, by encouraging employers frustrated with the bill's onerous burdens to drop mental health insurance altogether.
- 4. Increases the Number of Uninsured.** By increasing the cost of health insurance, H.R. 1424 will lead directly to an increase in the number of uninsured Americans. In addition, some employers could decide to drop group health insurance coverage altogether rather than face a potentially conflicting array of state mandates and regulations to which they could be subjected under H.R. 1424.
- 5. Erodes Federal Pre-emption for Employers.** While H.R. 1424 does pre-empt state laws that conflict with the bill, it also explicitly permits additional state laws that provide more stringent consumer protections. This provision could undo three decades of strict federal pre-emption for group health plans, creating a patchwork of laws across all 50 states with which large employers would have to comply.
- 6. Codification of Treatment Mandate for Health Plans.** H.R. 1424 would incorporate into federal law the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV) classification definitions as the parameter of mental health treatment for health plans. The broad parameters included in the DSM-IV categories will obligate employers to cover "disorders" such as "jet lag" and "caffeine intoxication."
- 7. Intergovernmental Mandate.** The bill would pre-empt state laws governing mental health coverage that conflict with the bill—but would not pre-empt laws providing more stringent consumer protections for employees. Additionally, CBO notes that some state and local governments would face increased costs for health insurance provided to their employees.
- 8. Violation of UMRA.** CBO estimates that the costs of the mandates to the private sector in the bill would be **at least \$1.3 billion in 2008, rising to \$3 billion in 2012** and thus exceed the annual threshold established in the Unfunded Mandates Reform Act or UMRA (\$131 million in FY2007, adjusted annually for inflation).
- 9. Lack of Conscience Clause.** H.R. 1424 would mandate that employers offering mental health benefits cover all diagnoses under DSM-IV. The bill does not include an exemption for groups to exclude coverage of mental disorders, particularly psycho-sexual disorders, for which they have religious or moral objections.
- 10. Lack of Medical Management Tools.** H.R. 1424 does not include language permitting group health plans to negotiate separate reimbursement rates or provider payment rates and delivery service systems for different benefits. These tools would empower plans to utilize medical management practices in order to reduce claim costs.

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